

806 KAR 20:010. Declination, cancellation, and nonrenewal of property and casualty insurance and automobile liability insurance policies.

RELATES TO: KRS 304.12-020, 304.14-120, 304.14-210, 304.20-040, 304.20-160, 304.20-300-304.20-350, 304.30-110

STATUTORY AUTHORITY: KRS 304.2-110, 304.30-070

NECESSITY, FUNCTION, AND CONFORMITY: KRS 304.2-110 authorizes the Commissioner of the Department of Insurance to make reasonable administrative regulations necessary for or as an aid to the effectuation of any provision of the Kentucky Insurance Code. KRS 304.30-070 authorizes the Commissioner of the Department of Insurance to make reasonable administrative regulations necessary for the effectuation of any provision of KRS Chapter 304.30. This administrative regulation establishes guidelines for the declination, cancellation, and nonrenewal of property and casualty insurance pursuant to KRS 304.20-300 to 304.20-350, and automobile liability insurance policies under KRS 304.20-040.

Section 1. Notice of Reason for Declination, Cancellation, or Nonrenewal. (1) All notices requiring reasons for declination, cancellation, or nonrenewal under KRS 304.20-320 shall provide specific grounds, and shall not rely on general underwriting reasons.

(2) All notices of cancellation and nonrenewal of automobile liability insurance policies under KRS 304.20-040 shall be in writing and inform the applicant or insured of the specific reason for cancellation or nonrenewal.

(3) Subsection (1) of this section shall not apply for a declination, cancellation, or nonrenewal where specific information available for review by the commissioner of the Department of Insurance indicates the insured has contributed to the loss by arson or fraud.

(4) The fact that the reason or reasons for declination, cancellation, or nonrenewal have been obtained through an investigative consumer report subject to the Fair Credit Reporting Act, 15 U.S.C. 1681 et seq., shall not relieve the insurer from the requirement of notifying the insured of the declination, cancellation, or nonrenewal pursuant to KRS 304.20-040 and KRS 304.20-300 to 304.20-350. However, any insured wishing to learn the substance of an investigative consumer report shall be directed to contact the consumer reporting agency and follow the procedures contained in the Fair Credit Reporting Act.

Section 2. Cancellation for Nonpayment of Premium Under Insurance Premium Finance Company Contracts Controlled by KRS Chapter 304.30. (1) If an insurance premium finance company exercises its power of attorney to cancel a policy pursuant to KRS 304.30-110, that cancellation is considered to be a cancellation at the request of the insured and shall not be subject to KRS 304.20-300 to 304.20-350.

(2) The phrases "premium finance plan" and "extension of credit" in KRS 304.20-310(2) refer to extensions of credit to pay for insurance which are made by insurers or other entities not subject to KRS Chapter 304.30. (13 Ky.R. 462; Am. 644; eff. 10-2-1986; 15 Ky.R. 262; eff. 9-2-1988; 27 Ky.R. 1344; 1810; eff. 1-15-2001; TAm eff. 8-9-2007; Amd 44 Ky.R. 1776; eff. 5-4-2018.)